INFORMATION BULLETIN

2007-6

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Adjustments to fiscal measures to encourage innovation

This information bulletin describes adjustments made to fiscal measures to encourage innovation. These adjustments concern the increase of the overall floor space attributable to biotechnology development centres, for the purposes of three refundable tax credits and the recognition of an eligible college technology transfer centre for the purposes of the refundable tax credit for technology adaptation services.

For information regarding the matters dealt with in this information bulletin, contact the Secteur du droit fiscal et de la fiscalité at 418 691-2236.

The French and English versions of this bulletin are available on the ministère des Finances website at : www.finances.gouv.qc.ca

Paper copies are also available, on request, from the Direction des communications, at 418 528-9323.

Finances Québec

1. INCREASE IN THE OVERALL FLOOR SPACE ATTRIBUTABLE TO BIOTECHNOLOGY DEVELOPMENT CENTRES

A corporation that carries out activities in the biotechnology sector in a biotechnology development centre (CDB) may receive three refundable tax credits.

More specifically, such a corporation may receive a refundable tax credit for salaries paid to specified employees, a refundable tax credit for the acquisition or leasing of property that is eligible specialized equipment as well as a refundable tax credit for eligible rental expenses relating to the short-term rental of eligible specialized installations.

Currently, CDBs have been designated by the ministère des Finances in Laval, in Sherbrooke, in St-Hyacinthe and in Lévis, and the overall floor space attributed to all of them is 21 600 square metres.

In the March 23, 2006 Budget Speech, the responsibility for designating the maximum floor space and the location of each CDB was transferred to Investissement Québec. However, the responsibility for increasing the overall floor space attributable to the CDBs still lies with the Minister of Finance.

Accordingly, to further promote the development of companies in the biotechnology sector, the overall floor space attributable to CDBs will be increased by 7 520 square metres. Investissement Québec will therefore see that the overall floor space of the CDBs does not exceed, at any time, 29 120 square metres.

2. REFUNDABLE TAX CREDIT FOR TECHNOLOGY ADAPTATION SERVICES

The refundable tax credit for technology adaptation services was introduced to further support companies in their efforts to cooperate in research and innovation.

Briefly, the tax credit an eligible corporation may claim, for a taxation year, is calculated by multiplying by 50% the amount of eligible expenditures incurred by the eligible corporation, during such year, with an eligible liaison and transfer centre or an eligible college technology transfer centre, as the case may be.

The *Regulation respecting the Taxation Act* will be amended to recognize the Centre de développement bioalimentaire du Québec inc. (CDBQ) as an eligible college technology transfer centre, for the purposes of the refundable tax credit for technology adaptation services.

This recognition will apply to eligible expenditures incurred by an eligible corporation after May 23, 2007, in relation to products or services offered by this eligible college technology transfer centre after that date.